

HEINL RADIO BUSINESS LETTER

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No. 1288

December 10, 1940

PRINTERS WOULD TAX STATIONS GROSSING OVER \$25,000

A graduated tax of from 10 to 20% on the gross incomes of broadcasting station whose revenue is more than \$25,000 a year is said to have been one of the proposals in a four-point radio legislative program which it is understood the International Allied Printing Trades Association adopted at its recent meeting in New Orleans. It was assumed that the stations grossing less than \$25,000 annually - 175 in number - were mostly educational and non-revenue producing - and for these the Printing Trades did not advocate a tax. Enactment of Congressional legislation levying a 10% tax was suggested, however, on stations whose annual gross was more than \$25,000 but less than \$100,000. A fifteen percent tax was advocated on a gross of a station earning more than \$100,000 but less than \$500,000, and twenty percent on a gross in excess of \$500,000.

The Printing Trades, which believe radio profits should be taxed because of the inroads it has made on the advertising revenues of newspapers and magazines, is understood to feel that the proposed tax would not be too hard on the stations. It is said to have been based on the profits the stations themselves reported to the Federal Communications Commission. The assertion was further made that even after paying from 10 to 20 percent tax, the stations would still make a substantial profit on capital invested.

John B. Haggerty, President of the Allied Printing Trades' Association sometime ago declared that radio advertising which in 1929 received but 3 cents of the advertising dollar, in 1939 received directly some 19 cents of the advertising dollar. For 1939, newspapers received 16 percent less, magazines 17 percent less and farm papers 50 percent less of the advertising dollar than they received in 1919. Where the newspaper and magazine advertising was reduced millions of dollars, the direct income of radio broadcasting increased from \$40,000,000 in 1929 to \$170,000,000 in 1919, he asserted.

Mr. Haggerty sounded a call to arms to the printers on this because of what he said was the already substantial loss of printers' jobs, the threatened increased loss of job opportunities, and because the loss of advertising revenues will ultimately mean retarding efforts of those employed by the printed word to secure better wages.

The second point in the four-point radio legislative program adopted by the Allied Printing Trades at New Orleans was understood to be a definite restriction by Congress on the sale of radio time for commercial purposes. The printers would request that hereafter such time be limited to 25%. Again it was argued that even with this restriction the radio stations and networks would still be able to make a handsome profit.

The third point in the Printing Trades program was that the FCC rule which restricts the number of television and FM licenses given to any group be extended to all radio licenses - that no group be allowed to have more than three licenses.

Point four in the New Orleans program was that Congress enact legislation restricting the issuing of radio station licenses to persons other than those residing in the locality in which the stations are located. The assumption here is that people who actually live there are better able to understand the local needs and thus to better serve the public interest.

The New Orleans convention of the International Printing Trades Association did not declare for government ownership of radio. Copies of the four point radio legislative program will be placed in the hands of every Senator and Representative in the new Congress and it is understood will be vigorously followed up in other ways.

This is all in line with the declaration of Mr. Haggerty last September who, speaking at the Golden Anniversary of the International Printing Pressmen in Tennessee, foreshadowed the waging of a bitter fight upon radio by the printers. He called radio advertising the Frankenstein of printed publications that deprived thousands of printing trades workers of their jobs. Mr. Haggerty declared that broadcast stations obtained a monopoly from the Government, for which they paid the Government nothing, and have received millions in profits. He further recommended that every union appoint a Radio Committee, and that that Committee, as well as local members of the union call the situation to the attention of the members of Congress. Mr. Haggerty concluded by announcing that the Allied Printing Trades Association had created a Committee on Radio, consisting of George L. Berry, President, International Printing Pressmen; Edward J. Volz, President Photo-Engravers International Union, and himself to act upon this matter.

The New Orleans action is, therefore, considered the initial move to bring the entire radio situation, insofar as it affects the printers, to the attention of the new Congress when it convenes next month.

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FCC REDEFINES "METROPOLITAN DISTRICT" TERM

The Federal Communications Commission amended the Rules Governing Standard Broadcast Stations last week by adding the following footnote:

"The term 'metropolitan district' as used in this subsection is not limited in accordance with the definition given by the Bureau of the Census but includes any principal center of population in any area".

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NEW FM CALL LETTER SYSTEM DEVISED

To provide distinctive calls for FM (frequency modulation) broadcast stations, the Federal Communications Commission has adopted a new system of call letters with interposed numbers for this now commercially recognized broadcast service.

Under international agreement, to which the United States is a party, the first letter (in some cases the first two letters) of a call signal indicates the nationality of a station. The United States is assigned the use of three letters - N, K, and W. Hence the present domestic assignment of combinations beginning with these letters. Call letters beginning with N are reserved for the exclusive use of the Navy and Coast Guard. Call letters beginning with K are assigned to broadcast stations located west of the Mississippi River and in the territories. Call letters beginning with W are assigned to stations east of the Mississippi River. Any existing call letters not in accordance with this procedure is due to the fact that the station was licensed before the allocation plan was adopted.

Consequently, the first call letter of an FM station must be K or W, depending on its geographical location.

A second letter for an FM station will be assigned in alphabetical order (with exception of E, which will be reserved for non-commercial educational stations using frequency modulation) to each station on a given frequency as licensed, thus providing 25 stations in each area for a given frequency. If more than 25 stations are assigned on a given frequency, an additional letter will be necessary.

However, between the initial letter and supplemental letter (or letters) two numbers will be utilized. These numbers will indicate the frequency assignment. This is possible because all FM stations are in the 42,000-50,000 kilocycle band, and because all FM frequencies are assigned on the odd hundreds in kilocycles. Thus, the first figure and the last two figures of the frequency assignment can be dropped.

In addition, and where possible, the city or area will be indicated by the second letter of a combination of second and third letters. Letter combinations of this mnemonic character have been assigned to each of the metropolitan trading centers. Thus, stations in Boston will terminate with the letter B, while stations in New York City will terminate with NY. Similarly, stations in the District of Columbia will be identified with the suffix DC.

In brief, here is how the system works: W41B would indicate an FM station in the eastern section of the country (Boston) operating on the frequency of 44,100 kilocycles. By the same token K43ST would apply to an FM station in the western part of the United States (San Francisco) on the 44,300 kilocycle frequency.

The letter E in the alphabetical arrangement will identify non-commercial educational broadcast stations employing FM on the new high frequency broadcast band. Five channels (42,000 to 43,000 kilocycles) are available to these educational stations.

There is no international regulation to bar the use of this FM identifying system. In fact, a like principle is followed by Chile in assigning calls to standard broadcast stations in that country. The arrangement provides ample source of calls for future FM stations. It is about the only source of new call combinations which can be adapted, inasmuch as other types of calls are assigned by treaty to stations and services other than broadcast. It has the additional advantage of permitting identification of the frequency actually used, and for that reason should be popular with listeners as well as broadcasters.

Further, it will not disturb the approximately 15,000 remaining four-letter call combinations which are being assigned to the older services at the rate of between 40 and 50 a week. Even if this average does not increase, such a reservoir will not last more than six years. It should also be noted that under international treaty, ship stations have priority in the assignments of radio call letters from the four-letter group.

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FM APPLICATION FORM REVISED

The Federal Communications Commission last Saturday announced the adoption of a revised form of application for construction permit for a new high frequency (FM) broadcast stations, simplifying and clarifying the information requirements.

The new form (FCC No. 319, which is expected to be available within a few days, was adopted following a series of conferences with representatives of the industry. At the invitation of the Commission, a committee was formed to represent the National Association of Broadcasters, the National Independent Broadcasters, and a specially constituted FM Broadcasters Committee on Application Forms, as well as the Commission.

The result was not only simplification of the form so as to stimulate the development of FM broadcasting, but a better mutual understanding of the problems of the industry and the Commission in presenting and determining facts on which decision must be based. It was recognized that developments in this new commercial broadcast field may at some future time indicate the advisability of future changes in the form. The way was left open for meeting subsequent needs through like exchange of views.

Following completion of the committee's work and adoption of the revised form by the Commission, the following statement was made on behalf of the industry group: "We think the form has been greatly simplified and clarified from the point of view of the

applicant. It should be understood, of course, that in all our discussions we were not dealing with any fundamental questions as to the extent of the powers of the Commission. Our committee was well pleased with the results of the conference,"

The usefulness of joint discussion and cooperation was again demonstrated at the recent conferences. In this instance, it was possible to so far meet the views of the industry that the changes made were received with expressions of satisfaction by the participants. At the same time no requirement essential to furnishing information needed by the Commission in its licensing work was sacrificed.

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SEVEN NEW FM STATIONS TO COVER 50,000 SQUARE MILES

The States of Connecticut and Rhode Island, about half of Massachusetts, a section of southeastern New York State, part of Tennessee, and the Pittsburgh, Chicago and New York metropolitan districts are scheduled to receive regular FM programs from seven additional stations authorized by the Federal Communications Commission. The prospective service areas of these new stations aggregate nearly 50,000 square miles embracing more than 20,500,000 potential listeners.

The slice of New England referred to, plus southeastern New York including nearly all of Long Island, constitutes the 6,100 miles of territory with 1,118,000 population to be served by WDBC, Inc., of Hartford, Conn., through the medium of a transmitter located on the west peak of Meriden Mountain, near Meriden, that State. It will operate on 46,500 kilocycles.

Twelve million people are in the 8,500 square miles of the potential metropolitan service area of Metropolitan Television, Inc., and Bamberger Broadcasting Service, Inc., both of which received grants to broadcast from New York, the former on 47,500 kilocycles and Bamberger on 47,100 kilocycles. Metropolitan's transmitter will be atop the Hotel Pierre. Bamberger will have its station at 444 Madison Avenue.

Four and one-half million persons are in the 10,800 square miles of the Chicago area scheduled for service under grants to the National Broadcasting Co. and WGN, Inc. National Broadcasting Co., operating from the Civic Opera House, will use 46,300 kilocycles (or another adequate frequency). WGN will have a transmitter on a 485-foot downtown office building, using 45,900 kilocycles (or another adequate frequency).

About 2,100,000 persons will be in the 8,400-square-mile service radius of the Walker-Downing Radio Corp., which will operate from 341 Rising Main Street, Pittsburgh. This applicant will specify a frequency adequate for such coverage.

An area of 16,000 square miles, with 819,000 population, is to be served by the National Life & Accident Insurance Co., of Nashville, from a transmitter near Franklin, Tenn. This applicant will use 44,700 kilocycles.

These grants are in addition to those announced last month as assuring regular FM programs for Detroit, Los Angeles, Schenectady, Evansville (Ind.), Binghamton (N.Y.), Mt. Washington (N.H.), Baton Rouge, Columbus (Ohio), Salt Lake City, Milwaukee, Chicago and New York.

Applications by the Yankee Network and the Worcester Telegram Publishing Company to serve an identical widespread area from practically the same site near Worcester, Mass., on the frequencies 44,300 and 43,100 kilocycles respectively, were designated for joint hearing.

The FCC had previously voted, 4 to 2, in favor of an application of the Yankee Network, Inc., for a FM station at Paxton, Mass. This, it was said, would have given the Yankee chain FM coverage of the entire New England area and an advantage in obtaining income from advertisers in that section. Thus the FCC has reversed its decision which was criticized as granting a regional monopoly in the new frequency modulation broadcasting.

The original FCC action was taken by Chairman James L. Fly and Commissioners George Henry Payne, Paul Walker and Frederick T. Thompson. Commissioners Norman S. Case and T. A. M. Craven voted against granting the Paxton application without a hearing.

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MORE THAN 200 U.S. STATIONS BROADCAST IN FOREIGN LANGUAGE

Apropos the European war, there is more than passing interest in the fact that a total of 199 domestic radio stations now schedule broadcasts in one or more foreign languages, and 57 additional stations, while not now broadcasting in any foreign language, have done so in the past six months. These figures are revealed in an analysis of responses by broadcast stations to a recent questionnaire of the Federal Communications Commission.

Thirty-one foreign languages are represented on 1,721 current weekly programs, representing nearly 1,330 hours of foreign language programs a week. Approximately three-fourths of this broadcast time is in the Italian, Polish, Spanish, Jewish and German languages, the proportions decreasing in the order listed.

The smaller stations appear to predominate in the foreign language field, 108 of the 199 stations having power not in excess of 250 watts. However, a substantial number of the stations which devote a considerable amount of time to foreign language programs have greater power. There are 43 stations which broadcast 10 or more hours a week in one or more foreign languages.

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A preponderance of the stations using foreign languages are located in areas with considerable foreign-born populations, and assert that broadcasts in native tongues are popular with their listeners and their advertisers.

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TO TRY BOTH BOSTON AND DENVER IN THE 830 KC. FREQUENCY

The 830 kilocycle frequency can be used for broadcast purposes at night in Boston simultaneously with its employment in Denver, the Federal Communications Commission holds in proposing to amend its rules to permit more efficient use of this frequency.

In proposed findings of fact and conclusions, the Commission proposes to grant the application of Matheson Radio Co., Inc., for a permit to increase the power of its station WHDH, at Boston, from 1 to 5 kilowatts for unlimited time operation on the 830 frequency, using directional antenna at night. According to the proposed findings, this will not cause interference to the primary service of any station, and any interference which such operation may reasonably be expected to cause National Broadcasting Company's station KOA at Denver, will be limited to interference with intermittent reception upon receivers located in the eastern part of the United States.

"The granting of a permit therefor and operation of Station WHDH as proposed by applicant", declares the proposed findings, "will enable it to deliver service of primary signal quality to an area having a population of 3,093,000, or to 621,000 more people than are now included within the primary service area of the station. The hours of operation of applicant station will be extended two and one-half hours during summer months, and a maximum of five and one-half hours during winter months. This will provide a new primary service to 94.9 per cent of the Boston metropolitan area, including a population of 2,185,000. In addition to the aforementioned improvements and extension of service to residents in the Boston area, there will be an improvement of service which applicant station now endeavors to render over the fishing banks situated off the New England coast."

Accordingly, the Commission proposes to amend Section 3.25(a) of its rules which now limits the use of the frequency 830 kilocycles by one full-time station.

The proposed findings were concurred in by Commissioners Thompson, Walker, and Payne, with Commissioners Case and Craven voting in the negative, and Chairman Fly not participating.

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SEES RADIO STIMULANT IN 5% READER GAIN

Commenting upon the fact that daily and Sunday newspapers have made outstanding gains over the previous year, with dailies showing an increase of 4.77% in 1940, the Editor & Publisher declares:

"The fact that radio furnishes at least one news broadcast on one or more spots on the dial every quarter hour has not reduced the public's appetite for printed news; it may indeed have whetted the desire for news presented for the reader's convenience and easy understanding - a quality which the newspaper has to an immeasurable degree over any medium limited to vocal communication."

The war abroad and the presidential campaign at home have apparently contributed to the fact that morning and evening papers show approximately the same percentage of gain in circulation. Morning papers lead with 4.99% increase over 1939, with evening papers showing a 4.56% gain during the same period. Sunday papers ranked third with an increase of 3.16%. The combined morning and evening totals show a gain of 4.77%.

Paul Scott Mowrer, editor of the Chicago Daily News, also expressed the belief that radio has done a great service to newspapers by stimulating interest in foreign and national news.

"Radio supplements newspapers in a fine way", Mr. Mowrer said. "Radio and the press are so entirely different that I can't see what the quarrel is all about. If people are really interested in something, they want to learn all they can about it - this is where the newspaper steps in and functions beyond the scope of radio."

The Daily News editor referred to the pre-radio era when baseball was big news before there was a radio in every barber shop and the elevator boy could tell you the score inning by inning.

"We found that if spectators enjoyed the game, they would buy a paper immediately after they left the ball park", he said, "but if they didn't enjoy the game - that is, if it was dull and uninteresting - they wouldn't buy papers. Radio serves as an added stimulant to whet the public's appetite for foreign and national news. Local news does not have so much radio stimulant, but for general readability, you can't beat local copy."

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New York City is considering the installation of two-way radio on City ferries to expedite their operation. All the city's fire and police boats carry two-way radio.

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::: TRADE NOTES :::
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The construction permit for a new high frequency broadcast station by the St. Louis Star-Times Publishing Company has been amended to change the frequency from 43,100 kilocycles to 44,700 kilocycles, coverage from 9900 to 12,480 square miles and to change type of transmitter.

The Associated Press will start its new radio news service to stations around the middle of this month.

The American Telephone & Telegraph Co. (Long Lines Dept.) has been granted by the Federal Communications Commission additional frequencies 7570, 13400, 18240 kilocycles for an additional transmitter at Ocean Gate, N.J.; and the Tropical Radio Telegraph Co., Panama City, Panama, as another point of communication.

A Christmas advertising campaign featuring the new Philco Photo-Electric radio phonograph is under way.

Proving himself a capable religious speaker, as well as a Federal Communications Commissioner, George Henry Payne broadcast an address over an NBC network on Universal Bible Sunday, December 8. Commissioner Payne spoke in part as follows:

"I am deeply sensitive of the honor that the Federal Council of Churches and the American Bible Society have conferred upon the Federal Communications Commission in asking a member of that body to carry its message to the American people. And I thank my fellow Commissioners for having chosen me as their voice on this occasion. I have misgiving as to my own worth as the bearer of that message, but no misgivings or doubts as to the worthiness and rightness of this being the arm of government that should carry this message."

The Louisville Courier-Journal has just put on a daily radio column.

R.C.A. Communications, Inc., has been granted authority by the Federal Communications Commission to add Fort de France, Martinique as a point of communication to its transmitting stations at Rocky Point, San Juan, and New Brunswick.

The nation's first commercial order for a Frequency Modulation station was received by W2XOR, it was announced by WOR, parent station, from the Longine-Wittenauer Co., Inc., New York City.

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RADIO GETS 15,000 ASCAP SONGS

Pointed to as an important move in the Copyright fight between ASCAP and the broadcasters, was the announcement in New York that the Edward B. Marks Music Corporation, one of the largest music publishers in the country, had transferred its catalogue from the Society to Broadcast Music, Inc. The transfer becomes effective January 1.

Mr. Marks, one of the early members of ASCAP, said that he felt he never had received proper consideration from the Society and that accordingly he was leasing the performing rights of his catalogue of 15,000 songs to B.M.I. Julian T. Abeles, attorney for Mr. Marks, said that the lease was for a five-year term at an annual cost of approximately \$250,000, or a total sum of \$1,250,000.

"It's not the first time that Mr. Marks has walked out on ASCAP and no member of the Society is surprised", Mr. Buck said. "Many years ago, when we were fighting for our lives, Mr. Marks went over to the 'tax-free music' movement. Mr. Marks is motivated purely by his own financial considerations."

Mr. Marks denied that he was a party to the "tax-free music" movement of many years ago, when some publishers withdrew from ASCAP to enable singers and bands to use their songs without charge on the theory it would stimulate the sale of their sheet music in stores.

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HOPE McGRADY MAY MAKE ANTI-STRIKE LEGISLATION UNNECESSARY

That Edward F. McGrady, former Assistant Secretary of Labor, Vice-President of the RCA on leave, was called in by the Administration to forestall legislation to break up National Defense strikes, is expressed by the Washington Post, in part, as follows:

"The return to Washington of Edward F. McGrady as labor consultant to Secretary Stimson is generally regarded as a move to stave off enactment of anti-strike legislation applicable to defense industries. Mr. McGrady has few peers as a conciliator, as shown by his successful mediation of particularly tough labor disputes during the turbulent years from 1934 to 1937. But neither he nor the able conciliators of the Department of Labor can prevent strikes and lockouts in defense industries unless the parties to a dispute voluntarily accept their offers to mediate, and voluntarily agree to abide by their decisions."

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FCC AMENDS RULES GOVERNING OPERATORS

At a meeting of the Federal Communications Commission having under consideration its Rules Governing Amateur Radio Stations and Operators and its Rules Governing Commercial Radio Operators, with particular reference to the provisions concerning renewals; and

It appearing, that present conditions render it difficult for commercial radio operators and for amateur radio station licensees and operators to make a showing of service or use required for renewal or license; and that such difficulty will be accentuated in many instances due to military service:

IT IS ORDERED, that Sections 12.26 and 12.66 of the Rules Governing Amateur Radio and Section 13.28 of the Rules Governing Commercial Radio Operators, in so far as the required showing of service or use of license is concerned, BE, AND THEY ARE HEREBY, SUSPENDED until further order of the Commission, but in no event beyond January 1, 1942.

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RCA TO GREET NEW YEAR WITH DIVIDENDS

Following a regular meeting of the Board of Directors of the Radio Corporation of America held last Friday in New York, David Sarnoff, President of the Corporation, announced the following dividends had been declared:

On the outstanding shares of \$3.50 Cumulative Convertible First Preferred stock, 87½ cents per share, for the period from October 1, 1940, to December 31, 1940, payable in cash on January 1, 1941, to the holders of record of such stock at the close of business December 13, 1940.

On the outstanding shares of "B" Preferred stock, \$1.25 per share, for the period from October 1, 1940, to December 31, 1940, payable in cash on January 1, 1941, to the holders of record of such stock at the close of business December 13, 1940.

On the outstanding shares of Common stock, 20 cents per share, payable in cash on January 27, 1941, to the holders of record of such stock at the close of business December 20, 1940.

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